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10 Attorneys for Plaintiff
NOMADIX, INC.
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12 IN THE UNITED STATES DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION

15	NOMADIX, INC.,	)	Civil Action No.
16	Plaintiff,	)	CV09-08441 DDP (VBKx)
17	v.	)	DECLARATION OF
18	HEWLETT-PACKARD COMPANY et	)	DOUGLAS G.
19	al.,	)	MUEHLHAUSER IN
20	Defendants.	)	SUPPORT OF NOMADIX,
21		)	INC.'S OPPOSITION TO
22	AND RELATED COUNTERCLAIMS	)	DEFENDANTS' MOTION TO
23		)	COMPEL SETTLEMENT
24		)	DISCOVERY
25		)	DISCOVERY MATTER
26		)	Honorable Victor B. Kenton
27)	
28)	

1 I, Douglas G. Muehlhauser, hereby declare as follows:

2 1. I am a partner in the law firm of Knobbe, Martens, Olson & Bear,
3 LLP and am counsel of record for Plaintiff Nomadix, Inc (“Nomadix”). I have
4 personal knowledge of the matters set forth herein. If called upon to testify, I
5 could and would testify competently hereto.

6 2. As a general practice, during the settlement negotiations between
7 Nomadix and LodgeNet and between Nomadix and Guest-Tek, the parties
8 routinely included in their communications a confidentiality designation stating
9 that the settlement communications were “CONFIDENTIAL” and/or “FOR
10 SETTLEMENT PURPOSES,” and they often referenced Fed. R. of Evid. 408.

11 3. During settlement negotiations between Nomadix and LodgeNet,
12 Nomadix and LodgeNet exchanged a great deal of highly sensitive information
13 about their respective businesses, such as future business plans and the future
14 directions of the settling parties, including market directions, R&D and product
15 directions, as well as current customers and pricing strategies.

16 4. Similarly, during settlement negotiations between Nomadix and
17 Guest-Tek, Nomadix and Guest-Tek also exchanged a great deal of highly
18 sensitive information about their respective businesses, such as future business
19 plans and the future directions of the settling parties, including market
20 directions, R&D and product directions, as well as current customers and
21 pricing strategies.

22 5. The settlement negotiations between Nomadix and LodgeNet and
23 between Nomadix and Guest-Tek each involved the highest levels of
24 management.

25 6. LodgeNet has indicated to Nomadix that it strongly objects to the
26 production of settlement materials, including any settlement agreement or any
27 negotiations involved in its agreement with Nomadix and that it intends to file
28 an appropriate motion to be heard on this matter.

1 7. Attached hereto as **Exhibit 6** is a true and correct copy of an order
2 entered by the United States District Court for the Eastern District of Texas on
3 April 13, 2006 in the matter *Tessera, Inc. v. Micron Tech., Inc.*, No. 2:05-cv-094
4 (E.D. Tex.).

5 8. Attached hereto as **Exhibit 7** is a true and correct copy of an order
6 entered by the United States District Court for the Eastern District of Texas on
7 February 7, 2005 in the matter *Soverain Software LLC v. Amazon.com, Inc.*, No
8 6:04-cv-014 (E.D. Tex.).

9 9. Attached hereto as **Exhibit 8** is a true and correct copy of an order
10 entered by the United States District Court for the Eastern District of Texas on
11 June 3, 2004 in the matter *Intergraph Hardware Techs. Co. v. Dell Computer*
12 *Corp.*, No. 2:02-cv-312 (E.D. Tex.).

13 10. Attached hereto as **Exhibit 9** is a true and correct copy of an
14 excerpt from the transcript of the October 4, 2010 hearing in this matter.

15 I declare under penalty of perjury under the laws of the United States of
16 America that the foregoing is true and correct.

17 Executed this 18th of March, 2011, in Irvine, California.

18
19 
20 Douglas G. Muehlhauser

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24 10874601
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**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

TESSERA, INC.,

Plaintiff

vs.

MICRON TECHNOLOGY, INC. et al.,

Defendant.

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CIVIL ACTION NO. 2:05cv94

ORDER

Before the Court is Defendants' motion to compel documents and information Plaintiff, Tessera, Inc. ("Tessera"), claims are protected by the settlement privilege (Doc. 191). After considering the parties' briefing and oral argument,¹ Defendants' motion is GRANTED in part and DENIED in part.

Defendants seek two categories of information, which Plaintiff claims are privileged: (1) documents associated with negotiations leading up to settlements reached in three of Tessera's previous lawsuits: *Samsung Electronics Co. Ltd. v. Tessera Technologies Inc.*, Case No. C 02-05837 CW (N.D. Cal.) ("*Samsung*"), *In the Matter of Certain Semiconductor Chips With Minimized Chip Package Size and Products Containing Same*, Investigation No. 337-TA-432 ("*Sharp*"), *Texas Instruments, Inc. v. Tessera Techs., Inc.*, Civ. No. C 00-2114 CW (N.D. Cal.) ("*TP*"), and (2) documents associated with licensing negotiations that did not result in a licensing agreement.

Tessera argues that these documents are protected under a settlement privilege outlined in

¹On March 21, 2006, the Court held a hearing to consider this motion along with several other discovery motions.

Goodyear Tire & Rubber Co. v. Chiles Power Supply Inc., 332 F.3d 976 (6th Cir. 2003) (“*Goodyear*”), and recognized by two District Courts in the Eastern District of Texas. *See Soverain Software LLC v. Amazon.com*, No. 6:04-CV-14 (E.D. Tex. Mar. 16, 2005) (“*Soverain*”); *Intergraph Hardware Technologies Co v. Dell Computer Corp., et al.*, No. 2:02-CV-312 (E.D. Tex. June 3, 2004) (“*Intergraph*”). Defendants counter that the Fifth Circuit has not adopted the settlement privilege set out in *Goodyear* nor would that settlement privilege would apply in this case, and even if it would, Tessera’s anti-trust claims place these settlement negotiations at issue, effectively waiving the privilege. The Court will address the parties’ arguments regarding both categories of documents, beginning with the second category.

In the course of defending its patents, Tessera regularly negotiates for licensing agreements with third parties Tessera believes are using its technology without permission. Regarding negotiations that resulted in licensing agreements, Tessera has produced the licensing agreements and the documents related to the underlying negotiations. However, Tessera refuses to produce the documents related to negotiations that did not result in licensing agreements. Tessera argues that *Goodyear*, *Intergraph*, and *Soverain* support its position that these negotiations should be protected, but all of those cases involved litigation-related settlement negotiations. By contrast, Tessera seeks to protect licensing negotiations unrelated to any litigation. While public policy favors the settlement of *lawsuits*, that public policy rationale cannot be fairly interpreted to include non-litigation related licensing negotiations. Thus, Tessera’s licensing negotiations that did not result in a licensing agreement are discoverable.

Further, even if the settlement privilege could be extended to include licensing negotiations, Tessera waived its right to assert this privilege. By alleging that an anti-competitive conspiracy

injured its licensing ability, Tessera placed its licensing negotiations in controversy and relinquished any right it had to assert the settlement privilege over those negotiations. Accordingly, Defendants' motion to compel is GRANTED as to documents associated with licensing negotiations that did not result in a licensing agreement.

Tessera also claims privilege over its settlement negotiations in the *Samsung*, *Sharp*, and *TI* cases. Unlike the licensing negotiations discussed above, these settlement negotiations occurred in connection with litigation, which more directly implicates the public policy justifications in *Soverain* and *Goodyear*. As discussed in those cases, parties engaged in confidential settlement negotiations are more likely to make the type of important concessions and realistic compromises that lead to settlement, therefore, preserving the confidentiality of settlement negotiations associated with litigation furthers the public policy favoring settlement. *Soverain*, No. 6:04-CV-14 (E.D. Tex. Mar. 16, 2005); *see also Goodyear*, 332 F.3d 976. Accordingly, Defendants' motion to compel is DENIED as to documents associated with settlement negotiations in the *Samsung*, *TI*, and *Sharp* cases.

So ORDERED and SIGNED this 13th day of April, 2006.


JOHN D. LOVE
UNITED STATES MAGISTRATE JUDGE

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

<p>SOVERAIN SOFTWARE LLC,</p> <p style="text-align: center;">Plaintiff</p> <p>v.</p> <p>AMAZON.COM, INC.</p> <p style="text-align: center;">Defendant</p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p>6:04-CV-14</p>
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ORDER

Having considered the parties’ written submissions and oral arguments, the Court memorializes its oral ruling and **GRANTS** Soverain Software LLC’s Motion for a Protective Order (Docket No. 171).

BACKGROUND

Soverain brought this patent infringement suit against Amazon.com and the Gap. Through mediation the Gap and Soverain settled their dispute, but the claims and counterclaims between Soverain and Amazon still remain. By a subpoena issued by another district court, Amazon now seeks four categories of documents from the Gap’s attorneys: (1) the settlement term sheet from the mediation, (2) the final settlement agreement, (3) documents exchanged between Soverain and the Gap, such as demand letters and counteroffers, and (4) any prior art that the Gap cited to Soverain during settlement negotiations. Pursuant to their settlement’s confidentiality agreement, the Gap notified Soverain of the subpoena, and Soverain sought protection from this Court to prevent Amazon from obtaining these documents from the Gap.

ANALYSIS

This discovery dispute pits two of the Court's practices against each other. The Court is an ardent proponent of mediation and requires all parties to attempt to resolve their differences through mediation. The Court also enforces a broad policy that all relevant information is discoverable, with a few exceptions. In the current dispute, Soverain champions the former, while Amazon advocates the latter.

If mediation and settlement negotiations are not kept confidential from other parties to the litigation, parties will be less forthright in their negotiations and less likely to resolve their differences without the need for a trial. In order for mediation to be effective, parties must be able to approach mediation secure in its confidentiality. A party should not fear that those things it discloses in mediation will later be used as a sword against it. Parties should not be penalized for attempting to use mediation to reach a settlement.

In this situation, the Court's policy favoring mediation slightly outweighs its policy favoring broad discovery. A party cannot, however, use mediation as a shield to hide what would otherwise be discoverable information. Thus, if Soverain learned of any previously unknown prior art from the Gap during mediation, Soverain is obligated to disclose that to Amazon. Soverain has assured the Court and Amazon that it has disclosed all known prior art.

The Court's discovery order does require the parties to disclose all settlement agreements related to the litigation. The final settlement agreement, if anything, may be discoverable especially if it contains a licensing agreement. The parties have agreed to discuss disclosing the final settlement agreement, and it is currently not necessary for the Court to rule on whether or not it is discoverable.

CONCLUSION

The Court **GRANTS** Sovereign's motion in all respects without prejudice to Amazon filing a motion to compel, as it originally should have done in seeking this information.

So **ORDERED** and **SIGNED** this 15th day of March, 2005.

A handwritten signature in black ink, appearing to read 'Leonard Davis', written over a horizontal line.

LEONARD DAVIS
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF TEXAS

MARSHALL DIVISION

FILED-CLERK
U.S. DISTRICT COURT
04 JUN -3 AM 9:52
TX EASTERN-MARSHALL

BY _____

INTERGRAPH HARDWARE
TECHNOLOGIES COMPANY

§

VS.

§

CIVIL ACTION NO. 2:02-CV-312


DELL COMPUTER CORPORATION
ET AL.

§

ORDER

HP's motion to compel disclosure of information relating to the March 29, 2004 agreement between Intel and Intergraph (#258) is denied. The settlement negotiations sought to be discovered are privileged as a matter of federal common law, as set forth by the court in *Goodyear Tire & Rubber Co. v. Chiles Power Supply, Inc.*, 332 F.3d 967 (6th Cir. 2003). In addition, HP has failed to show that the settlement negotiations and statements made during the course of those negotiations would be particularly relevant to any of the claims or defenses in this case. The agreement itself is certainly relevant to certain claims and/or defenses, but the plaintiff has already produced the agreement. Apart from the terms of the actual agreement, the court is not persuaded that the details of the negotiations should be the subject of discovery in this case.

So **ORDERED** and **SIGNED** this 2nd day of June, 2004.



T. JOHN WARD
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

- - -

HONORABLE DEAN D. PREGERSON, DISTRICT JUDGE PRESIDING

NOMADIX, INC.,)
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Plaintiffs,)
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vs.) No. CV 09-08441-DDP
)
)
)
HEWLETT-PACKARD COMPANY, ET)
AL,)
)
)
Defendants.)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

HEARING RE: REDUCTION IN TERMS

LOS ANGELES, CALIFORNIA

MONDAY, OCTOBER 4, 2010

MARIA R. BUSTILLOS
OFFICIAL COURT REPORTER
C.S.R. 12254
UNITED STATES COURTHOUSE
312 NORTH SPRING STREET
ROOM 404
LOS ANGELES, CALIFORNIA 90012
(213) 894-2739

1 to determine which case -- or which claim terms are
2 important.

3 THE COURT: I see. So at the very least, you
4 believe everything should be consolidated in terms of -- at
5 least to this point for discovery and claim construction.

6 MR. POLLOCK: Yes, Your Honor. We have no
7 objection in consolidating the cases so long as
8 Solution, Inc. case proceeds in an orderly fashion and is not
9 accelerated to the schedule in the HP case.

10 THE COURT: I see.

11 And what does the defense -- anyone from the
12 defense feel about the consolidation issue?

13 MR. ABRAMS: Your Honor, Hugh Abrams on behalf of
14 Wayport. Just so you know, there are -- the eight
15 defendants, I mean, are fierce competitors. We all make
16 different products and different technologies, but we're all
17 working -- in this process, we thought it was appropriate and
18 believe it's appropriate for the Markman process and perhaps
19 even for discovery to consolidate. We've made an effort to
20 come down to a number of terms and hope to file one brief on
21 behalf of the defendants. So we're certainly in favor
22 of moving forward on a consolidated basis; but down the road,
23 as far as joint trials and that, that may be another whole
24 issue.

25 THE COURT: Sure. That's another issue.

C E R T I F I C A T E

NOMADIX, INC. :
vs. : No. CV 09-08441-DDP
HEWLETT-PACKARD COMPANY :

I, MARIA BUSTILLOS, OFFICIAL COURT REPORTER, IN AND FOR THE
UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, DO HEREBY CERTIFY THAT PURSUANT TO SECTION 753,
TITLE 28, UNITED STATES CODE, THE FOREGOING IS A TRUE AND
CORRECT TRANSCRIPT OF THE STENOGRAPHICALLY REPORTED
PROCEEDINGS HELD IN THE ABOVE-ENTITLED MATTER AND THAT THE
TRANSCRIPT PAGE FORMAT IS IN CONFORMANCE WITH THE REGULATIONS
OF THE JUDICIAL CONFERENCE OF THE UNITED STATES.
FEES CHARGED FOR THIS TRANSCRIPT, LESS ANY CIRCUIT FEE
REDUCTION AND/OR DEPOSIT, ARE IN CONFORMANCE WITH THE
REGULATIONS OF THE JUDICIAL CONFERENCE OF THE UNITED STATES.

 /S/ 10/29/2010
MARIA R. BUSTILLOS DATE
OFFICIAL REPORTER